

the driver from full attention to traffic. For this reason, the federal government and the state have adopted standards for the design, placement and purposes of signs in order to minimize unnecessary clutter.

Furthermore, the state has adopted the scenic highway system to "attract visitors to this state by conserving the natural beauty of areas adjacent to the interstate system, and of scenic areas adjacent to state highways upon which they travel in great numbers, and to ensure that information in the specific interest of the traveling public is presented safely and effectively" (RCW 47.42.010). To that end, the Legislature has provided guidance to the Department of Transportation for determining which types of signs meet with statutory intent.

Section 4 of this bill attempts to provide the Department with flexibility to meet the needs of businesses located along the state's highway systems. However, by allowing unrestricted waivers from the statutory height requirements, we may eventually thwart the purposes of sign restrictions. Without statutory guidance, the Department of Transportation is left without grounds for denial of waivers and may be forced to grant all such requests. I do not believe this outcome was intended.

With the exception of section 4, Substitute Senate Bill No. 5123 is approved."

CHAPTER 470

[House Bill No. 462]

WORKERS' COMPENSATION—PAYMENT OF INPATIENT HOSPITAL SERVICES—CRIMINAL SANCTIONS FOR FALSE CLAIM STATEMENTS DO NOT EXTEND TO INJURED WORKER OR BENEFICIARY

AN ACT Relating to industrial insurance payments and penalties; amending RCW 51.36.080, 51.48.270, and 51.12.045; prescribing an effective date; and declaring an emergency.

Be it enacted by the Legislature of the State of Washington:

Sec. 1. Section 55, chapter 289, Laws of 1971 ex. sess. as last amended by section 2, chapter 368, Laws of 1985 and RCW 51.36.080 are each amended to read as follows:

(1) All fees and medical charges under this title shall conform to regulations promulgated by the director and shall be paid within sixty days of receipt by the department of a proper billing in the form prescribed by department rule or sixty days after the claim is allowed by final order or judgment, if an otherwise proper billing is received by the department prior to final adjudication of claim allowance. The department shall pay interest at the rate of one percent per month, but at least one dollar per month, whenever the payment period exceeds the applicable sixty-day period on all proper fees and medical charges.

Beginning in fiscal year 1987, interest payments under this subsection may be paid only from funds appropriated to the department for administrative purposes. A record ~~((or {off}))~~ of payments made under this subsection shall be submitted twice yearly to the commerce and labor committees of the senate and the house of representatives and to the ways and means committees of the senate and the house of representatives.

Nothing in this section may be construed to require the payment of interest on any billing, fee, or charge if the industrial insurance claim on

which the billing, fee, or charge is predicated is ultimately rejected or the billing, fee, or charge is otherwise not allowable.

In establishing fees for medical and other health care services, the director shall consider the director's duty to purchase health care in a prudent, cost-effective manner without unduly restricting access to necessary care by persons entitled to the care. With respect to workers admitted as hospital inpatients on or after July 1, 1987, the director shall pay for inpatient hospital services on the basis of diagnosis-related groups, contracting for services, or other prudent, cost-effective payment method, which the director shall establish by rules adopted in accordance with chapter 34.04 RCW.

(2) The director may establish procedures for selectively or randomly auditing the accuracy of fees and medical billings submitted to the department under this title.

Sec. 2. Section 5, chapter 200, Laws of 1986 and RCW 51.48.270 are each amended to read as follows:

Any person, firm, corporation, partnership, association, agency, institution, or other legal entity, but not including an injured worker or beneficiary, that:

(1) Knowingly makes or causes to be made any false statement or representation of a material fact in any application for any payment under this title; or

(2) At any time knowingly makes or causes to be made any false statement or representation of a material fact for use in determining rights to such payment, or knowingly falsifies, conceals, or covers up by any trick, scheme, or device a material fact in connection with such application or payment; or

(3) Having knowledge of the occurrence of any event affecting (a) the initial or continued right to any payment, or (b) the initial or continued right to any such payment of any other individual in whose behalf he or she has applied for or is receiving such payment, conceals or fails to disclose such event with an intent fraudulently to secure such payment either in a greater amount or quantity than is due or when no such payment is authorized;

shall be guilty of a class C felony: PROVIDED, That the fine, if imposed, shall not be in an amount more than twenty-five thousand dollars, except as authorized by RCW 9A.20.030.

**Sec. 3. Section 1, chapter 266, Laws of 1981 as last amended by section 1, chapter 193, Laws of 1986 and RCW 51.12.045 are each amended to read as follows:*

Offenders performing community services pursuant to court order or under RCW 13.40.080 may be deemed employees and/or workers under this title for purposes relating only to medical aid benefits under chapter 51.36 RCW, at the option of the state, county, city, town, or nonprofit organization

under whose authorization the services are performed. Any premiums or assessments due under this title for community services work shall be the obligation of and be paid for by the state agency, county, city, town, or nonprofit organization for which the offender performed the community services. Coverage commences when a state agency, county, city, town, or nonprofit organization has given notice to the director that it wishes to cover offenders performing community services before the occurrence of an injury or contraction of an occupational disease.

*Sec. 3 was vetoed, see message at end of chapter.

NEW SECTION. Sec. 4. Section 1 of this act is necessary for the immediate preservation of the public peace, health, and safety, the support of the state government and its existing public institutions, and shall take effect on July 1, 1987.

Passed the House April 23, 1987.

Passed the Senate April 13, 1987.

Approved by the Governor May 18, 1987, with the exception of certain items which were vetoed.

Filed in Office of Secretary of State May 18, 1987.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith, without my approval as to section 3, House Bill No. 462, entitled:

"AN ACT Relating to industrial insurance payments and penalties."

Section 3 of this bill would limit the workers' compensation benefits that can be paid to offenders injured or killed while performing community service. Those who are performing court-ordered community service would be able to receive medical treatment for their injuries, but would be excluded from receiving compensation for lost wages.

This provision is reasonable if applied to those who are incarcerated or who have no actual loss of wages because they are not employed, but it would also affect some who have regular employment. This section would prevent those who suffer an economic loss because of an accident while performing community service from collecting compensatory benefits under industrial insurance. Further, it may open the state to liability for time loss resulting from such an accident.

Coverage of community service workers under the industrial insurance system is at the option of the government or non-profit agency for which the service is performed. Those agencies that would like to provide for the possible needs of these workers and at the same time protect themselves from unknown financial liability should have this opportunity.

In order to address the question of payment of time loss benefits to those who have no regular income, I am asking the Department of Labor and Industries to work with the proponents of this proposal to develop a solution that will be equitable to all concerned.

With the exception of section 3, House Bill No. 462 is approved."